

Creating a Long-lasting Effective Philanthropy Plan

The perspective of a Philanthropy Advisor - Rebecca Eastmond

More than twenty-five years of working in and around the philanthropic sector - serving as a trustee of a small family foundation and as the CEO of a charity advising philanthropists, grant-making foundations and charities - has convinced me that philanthropy can achieve much more than it often does.

I have seen, over and over again, that a great deal of money is given by well-meaning people to hard-working charities every year without very much changing. And, despite the scale of global need and the complex and important challenges we see around us in the world now, we still often hear trustees and philanthropists say that they struggle to find good causes to support.

So how do we shift the paradigm?

My work every day is supporting those - trustees or individual philanthropists - who are seeking to make their charitable giving simple, inspiring and - crucially - impactful. To that end, my colleagues and I have developed a toolkit that we've used over and over again to help get our clients to become truly effective and impactful in their giving. And it works.

Starting with values

We start every conversation with a new foundation or individual philanthropist client by asking the same questions:

- What makes you angry or sad about the way the world is now? What would you like to change?
- What good things do you see in the world that you would like to encourage?
- If you could fast forward by 5 years and achieve just one thing with your philanthropy, what might that be?

These questions lead to a discussion that is centred not on what you have given to before, what is expected of you or what your friends are supporting, but in what deeply matters to you. When we ask people these questions, they talk to us of injustice, the destruction of nature, of the importance of dignity and of kindness. They bring their deepest values into the conversation.

Reflecting on these questions and their answers to them, grounds a philanthropic strategy in what truly matters to the donor as well as to the world and creates a sense of urgency that will make all the difference to the work that grows from the initial strategy.

I remember speaking to a family a few years ago. They were generous philanthropists - supporting schools and scholarships in their neighbourhood - but they weren't inspired by their giving. During our initial discussion, I learned that most of the family were doctors, they cared deeply about supporting those who were suffering and they were passionate about ensuring that the best quality, holistic, support for those managing pain was accessible to all. The one gift they made that made their faces light up was the installation of a sensory garden in their local hospice.

Reflecting on their values together enabled the family to refocus their giving exclusively on palliative care. What's more, the process of working through the values exercise together ultimately enabled the family to give more and to give more effectively.

Understanding the landscape...

Philanthropy seeks to solve the hardest and most complicated problems that exist - the ones that neither business nor government have solved. Recognising this, one must understand that, although understanding one's values is a great beginning to the journey, it is far from the end of that journey. Giving does not happen in a vacuum.

Good giving often begins with focusing your efforts - whether you are working on community development, homelessness or mental health - and then by understanding the complexity of the problem you are trying to address. You will find that the types of solution that exist have lots of related complexity and interdependence, and the role that grants can play will vary. Good giving usually means starting any journey into making change by asking a lot of open questions.

For instance, we know that there is a lot of good quality mental health research and knowledge on the shelves of universities. But we also know this good quality work is not being translated quickly or widely enough into good support for young people who need it. How do we close the gap?

We might start by asking what are the barriers to widespread support right now? Can the problem be solved purely by hiring additional clinicians and adding them into the system? If that isn't practical, who else is well placed to help young people? And what tools do those people need?

And once we understand the barriers and have a hypothesis for how we might help, we might also ask, who isn't being reached at the moment? We know that 80% of suicide cases are people who haven't sought help. How do we reach those individuals?

However, in any area of work, and despite how good your landscape analysis is, you will not enable anything to change for the better without trying things out. We would never expect a foundation or philanthropist to have all the answers on day one of a new strategy. Instead, we would aim to choose initial interventions that look promising based on what we know and to create check-in mechanisms that enable us to learn and adapt as we go. A good donor is an adaptive donor.

As we search for ideas and charity partners, a useful rule of thumb that we work with is to look for things that are important, timely and impactful. By "important", we mean "does the intervention have real potential to improve lives?" Is the timing right - can it draw in wider support? Do we already know that the approach works well and can grow? Or are we well placed to test an idea that could be catalytic if it does work well?

Understanding the kinds of organisations that you might support

Understanding an organisation is not just about checking for an issue area fit or deciding that you will work only with small charities, or with big ones. Good giving isn't transactional - you are building a relationship that is supportive of positive change. When you look for charity partners, I'd suggest that you should be looking for organisations with aims and values that align with your own.

A good charity partner is an informed partner - one that uses lived as well as professional experience and that seeks to collaborate with and learn from others in its sector of expertise. You will also be looking for serious ambition - does the organisation have a clear plan to improve outcomes for those they serve - and a razor sharp focus on what works and what doesn't.

In terms of values, you will want to see that learning is central to their work - that they are open and honest about what doesn't work, that their programmes are relationship-based, respectful and not time-bound (it's a rare programme that can change an entrenched societal issue in a day-long project) and that the organisation's leadership is courageous and tenacious - so that they will be able to keep going when the work inevitably feels hard.

Choosing the right partners

Of course, it's fundamental to ensure that the process of grant-making is delivered exceptionally well - in our office, this is the stuff of every day life. However, it's far more important to choose the right partners. We carry out a detailed analysis of any organisation that we hope to support. We want to ensure that we truly understand the problem that the organisation seeks to solve and that their solution and approach feel right for what needs to be done. We also want to get to know the team - do they have the right leadership, the right governance, financial acumen, measurements and energy. We look for ambition and a commitment to measuring and understanding impact.

We also look for evidence of collaboration. For a charity, making change happen means not just lining people up inside the organisation, but influencing a wide set of external stakeholders - local communities, government etc. etc. - to shift an entire system.

Lastly, we seek to assess whether the timing is right for the change that we hope will happen, and we think through the level of risk - might this intervention fail and what level of risk feels appropriate for us given the context.

Focusing on the problem - rather than an enticing solution

There is no silver bullet in social change - rather there are multiple pathways to impact. We would always advise anyone at the beginning of their giving journey to stay open to learning about new approaches and ways of working - stay obsessed with the problem that you want to solve with your philanthropy and be ready to change course if a particular solution you've tried out doesn't seem to work.

A couple of years ago, we were approached by a family who wanted to work on homelessness in their home city. As they learned more about the problem, their understanding of the drivers - and the complexity - of homelessness grew. They have ended up supporting organisations that focus on young people leaving the care system, on refugee journeys, on vulnerable families. They do all of this - as well as helping to provide emergency accommodation for young people who are in immediate need of a bed for a few nights - because they listened to homeless people and the charities that serve them and they have come to understand more about why people become homeless and how that can sometimes be prevented as well as how homelessness can be ended.

The role of the grant-maker

We'd always advise a new donor to start by listening to those they seek to serve, to understand who is already operating in the space and - fundamentally - to remain humble in the face of the problems they care about. The landscape analysis we mentioned above is key to this.

We sometimes see new donors beginning their work in the social sector by creating a new organisation that will deliver solutions on the ground. This is rarely a good idea. More often than not, an organisation already exists that is delivering the programme you have in mind. And where a new organisation or a new programme really does need to be created, we'd suggest that those closest to the solution will already be thinking about it and a partnership with them might be a great way to get started.

We'd suggest that a good approach - unless you have serious, deep, relevant expertise - is to choose charity partners and listen to what they want to do, rather to try to design their programmes for them. We feel that our role as grant-makers is to give our charity partners the confidence to plan for and to deliver impact. We focus first and foremost on building strong relationships with our partners - based in trust and transparency. We act as a critical friend, reflecting on the work that our partners are doing, asking questions, making connections and sharing learning from other, relevant projects.

Building strong relationships....

Relationships are based on communication. As a donor, do make sure that you check in regularly (not so much that you cause a problem) with your charity partners. We'd suggest that you arrange a couple of formal conversations each year and try to visit once a year if geography allows. And then keep in touch via joining their list-serves, signing up to webinars and staying abreast of changes in the organisation.

At the organisation I run, we send out a short, annual (anonymous) survey to both our clients (philanthropists and foundations) and our charity partners each year. We would recommend this approach to anyone interested in improving their practice as an advisor in any industry - the insights we have gained through our survey have helped us to significantly improve our work.

The comments that our charity partners give often focus on the value-add we have provided to them beyond grant capital. For example, "Thank you so much for offering extensive support, advice and guidance over the years. And for connecting us to other charities who we collaborate with." "Our

relationship with you has become a long-term, multi-layered partnership and feels like an ongoing values-based conversation. A million miles from a transactional arrangement.”

Our perspective on good giving

The giving we advocate to anyone seeking to have outsized impact with their philanthropy is longer, and deeper than is standard across the grant-making industry. Building long-term relationships means that you can engage with charities as true partners, providing unrestricted funding means that you are invested in the success of the organisation - rather than one limited project - and a positive and long-term relationship supports the long-term capacity of your partner to deliver on impact.

As grant-makers, we are happy to take risks that we feel can lead to outsized social impact, where we see an opportunity and a strong management team. In my organisation, we have a strong track record in seeing success stories from our early-stage bets (we're proud to have provided early stage support to charities that have gone on to win Earthshot Prizes, Audacious Prizes and a whole lot more).

We are proudest however of the relationships that we build with grantees - our grantees feel able to be open and honest with us about challenges and areas for improvement.

The CEO of one of the frontline delivery charities we work with called us recently to say that she would have to make two members of staff redundant. We knew - because we'd been close to the organisation throughout the year - that they had struggled to find and hire a good fundraising professional within their budget. We didn't have any concerns about the overall health of the organisation - particularly as they actually had the fundraiser in post by the time they called - but we were able to help think through how best to manage a short term challenge, how to keep staff morale high at a difficult time and how to explain the financial situation to other funders.

The key elements of how we view good philanthropy are simple (even if they are not easy to put into practice):

- We provide unrestricted funding (not tied to a particular programme or project).
- We don't create our own measures of success. Instead, we seek to understand the impact that our partners are working towards and we hold them accountable to that.
- We stay with our partners for the long-term - as long as they remain focused on impact and outcomes this seems to us to be the most rational thing to do.

- We seek always to be collaborative, transparent and respectful of our partners' knowledge and time.

We find that people are often surprised by our focus on unrestricted funding. Why not tie your gift to a project so you can see exactly how it is working? However, we have seen over and over again how unrestricted funding (the kind of money that you have as a private company if someone invests in your business) allows an organisation the freedom to strengthen its core operations and to innovate in ways that the leadership team feel make most sense.

One charity recently told us that they valued the unrestricted gift we gave at around “10x our restricted funding” - our gift allowed the charity to try something new that transformed their entire organisation.

Our focus on relationships has a similar value - not only is that focus on relationships what our charity partners value most highly about their work with us, it helps us gain more insight into the details of our partners' work - what is working as well as what isn't.

In conclusion

Great donors - and these can be individuals or trustees - take the time to see social and environmental problems for the complex and messy systems that they always are. They understand that there is no silver bullet. They are keen to learn, to iterate and to build broad, positive partnerships - and they keep their eyes on the problem at all times. It is these donors who are leading the philanthropic revolution - enabling positive change that lasts.

The Perspective of a New Foundation - Peter Goddard

I count myself extremely lucky to have become responsible recently for a new foundation whose sole focus is on mental health, both in terms of medical research for cures, better treatment and greater knowledge of neurodegenerative conditions; and in the provision of funding for charities whose focus is on the improvement of mental health and mental wellness for persons who are suffering.

The foundation has access to a very large amount of money to fund charitable grants which presents great opportunities in this sector. We have a responsibility at the outset to ensure that we have a clear and workable policy for donations that will have the most impact possible, mindful that the mental health sector is the poor relative amongst most national health systems worldwide.

So, how has the foundation gone about this? There have been a number of key elements to our decision-making. It is by no means a simple process.

1. By Engaging Experts

Mental health conditions are amazingly complex, most often involving dual physical and mental issues alongside each other. If we were to focus on the mental health space, then we would need to have clinicians to help guide us on the right decision-making path. That is just what we have done.

These clinicians have been invaluable for two reasons:

- I They know the foremost academic researchers and invite some of those to submit grant applications (we only solicit grant proposals ourselves, rather than encourage a mass of applications from expectant researchers!). They are able to read these proposals as scientists themselves and can comment and shape viable proposals before they are formally submitted for approval.
- II. For charitable operations, they provide a degree of objectivity that prevents us from making rash decisions about projects based on our emotional response to any proposal, which is easily done with such an emotive subject matter when the temptation is to help every deserving cause. No charitable trust or foundation can possibly help every sector of the mental health community; but it can make a significant difference in some sectors when grantmaking is conducted on as rational a basis as possible. There is a place for emotion, but not at the grant-making phase.

2. By Focusing on One Issue

Originally, we had grand ambitions to focus on two major, mutually exclusive charitable objects. It soon became apparent, however, that that would not fit in with our main drivers and so, we settled on one mission, changed our whole focus and moved ahead. It was disappointing to have left some other laudable sector behind, but we had to make the choice.

3. By Limiting our Geographical Scope

Picking up on my earlier comment, we were determined not to dilute the foundation's impact by being too geographically diverse. We decided to focus on several main geographical areas for our charitable grant programme, including the US, UK (where the mental health industry is not as developed as it is in the USA and Australia, which lead the world in this sector) and the Cayman Islands (where the funding trust and my office are both based).

Research grant applications could be solicited by the foundation from any number of the leading researchers around the world, because their product of their research could have a global impact. But it was important that we physically limited the charitable grant programme so as to make the biggest geographical impact possible.

4. By Engaging an Experienced Grant Administrator

This is a vital element, which I had no idea we needed until we had hired Rebecca and her team! Grant administrators have extensive experience of the charity sector: they have contacts throughout the industry and have been invaluable in helping us to locate the best grant candidates (providing due diligence reports on each of them) and helping the charities (both larger ones as well as the smaller ones) in putting together the necessary reporting required before the next year's funding is paid out. No medium or large-scale philanthropic foundation can do without the services of a grant administrator.

5. By Finding out from the Professionals What Was the Best Use of Our Funding

Rebecca and her staff helped convene a think tank meeting for the foundation, at which the attendees were invited to express their own views on how the foundation might best achieve optimal impact with its grant programme in the UK. The results were illuminating and surprising and, had we not had the benefit of that insight, we may well have gone about our programme in a different, well-intentioned but perhaps less effective way.

We repeated this in the Cayman Islands, where a completely different approach was advised by the local practitioners who were on that think tank. It just goes to prove that there cannot be a one-size-fits-all approach to philanthropy in the same sector across different jurisdictions. It must be tailored to suit the individual needs of each target centre.

6. By Creating a Network of Grantees

We had been quite surprised to learn that there is a lot of competition amongst national charities, particularly those focusing on the same sector where they would all be competing for the same funding sources. The unfortunate side effect of this rather uncharitable tendency is that there is also little collaboration between competing charities, which seems to be an opportunity lost from an outsider's perspective.

The foundation, therefore, decided to go about matters in a different way with the intention of encouraging collaboration and the sharing of information, learnings and even IT. We wanted to create something unique as a funder: a network of grantees who all want to work together with a funder that wanted to remain regularly involved with every one of its grantees.

We think we have achieved that goal by making a decision only to fund charities that focus on services or objects that do not compete with those of other grantees in the grantee network. By doing so, the foundation should in due course have a network of a relatively small number of charities that represent all different aspects of the mental health sector. We have informed all of our grantees that the foundation wants them to collaborate together to improve their service offerings and explore opportunities for cross-referrals where possible.

So far, so good. Everyone has responded enthusiastically to the notion of collaboration and some have already begun strategic discussions that will help to accelerate their expansion plans. One has even offered its bespoke IT software for use by others free of charge, which is an extraordinarily generous gesture that will undoubtedly help others in the grantee network.

Next year, we plan to hold a symposium with all of our UK charities where we will continue to forge those links and share learnings where we can.

7. By Offering Crucial Clinical Services and Expertise

The foundation recognised that very few charities in the UK have access to alternative clinical resources where they need to escalate particular patients requiring emergency assistance outside of their expertise. Patients in those circumstances are left to the vagaries of the NHS with predictable (yet critical) delays. This is an unacceptable gap that we needed to plug if the foundation was really to make the difference we all wanted.

We, therefore, developed a private offering (free of charge to our grantees and their patients) which provides that essential missing clinical resource, which could make the difference between life and death to some.

That same resource provider will also act as a consultant to each of our charities to provide additional clinical insight into their offering.

8.

a. By Preferring Smaller Charities...

The larger the charity, the more the bureaucracy, the more the inefficiency and the more the administrative cost. Having decided upon a unique funding model as outlined above, we found that the larger institutional charities would be a poor fit. In addition, we would be unable to make the same impact as we could with smaller charities that either have plans to expand their reach or the range of services they offer.

b. ...That Already Have Settled Business Expansion Plans

We see this as being a critical factor in our selection process, which is by way of invitation only. There is no point in selecting a charity for a possible grant if they don't already possess the ambition and drive to expand. Our reason for taking this stance is due to our next decision.

9. **By Making Larger Grants**

It would be true to say that Rebecca and I are not necessarily *ad idem* on this point, but it has been part of our driving philanthropic philosophy to make larger grants to empower charities to make a greater difference.

The conservative approach for a foundation would be to grant up to 20% of an existing charity's average annual revenue, which takes into account the size of the charity and does not present it with seemingly insurmountable problems of having to scale up its operations and staffing quickly, which may overwhelm the charity's existing management.

I can understand that approach. It places less pressure on the grantee and presents less risk to the grantor. But it also offers less opportunity to make a real impact, especially when mental health treatment continues to deteriorate.

Our strategy is to invest in the *people* running these small charities, almost all of whom will be the founders of their charities and all of whom will have good corporate governance and pre-existing plans for expanding their operations in one way or another. If we believe in their abilities, experience and market insight, then we are happy to entrust them with the greater means of achieving their goals, especially if we can build additional support for them through the grantee network.

So, our preference is to grant our selected charities all the funds they need in order to achieve a more profound impact in their particular field. In doing so, we recognise that the occasional charity will stumble or might even fail. But, because the foundation funds multi-year grants (as opposed to one-off capital endowments) we feel we are able to minimise any losses caused by such failures by cutting or reducing future funding if needs be.

In Conclusion

I recognise that this is a very fortunate and sophisticated foundation. Some of these considerations may not, therefore, be relevant to each new philanthropic trust or foundation. We will undoubtedly have to re-evaluate and adapt our programme as we go - it should never be set in stone.

How wonderful it is, though, to know that there are more and more people these days that feel a social responsibility to donate to worthy causes. As governments continue to fall behind on almost every commitment, there will be an ever-greater need for apolitical charities to step in and fill the void. The future will need a greater balance of funding from government and philanthropy in every sector of society.